



July 2, 1997



David S. Guzy
Chief, Rules and Publications Staff
Royalty Management Program
Mineral Management Service
P.O. Box 25165, MS 3101
Denver, Colorado 80225-0165
Via fax: (303) 231-3194

Re: Proposed Rulemaking, Policy for the Release of Third-Party
Proprietary Information, 62 Fed. Reg. 16116 (April 4, 1997)

Dear Mr. Guzy:

The Independent Petroleum Association of America (IPAA) appreciates the opportunity to provide comments regarding MMS' April 4, 1997, Notice of Proposed Rulemaking regarding a new policy for release of third-party proprietary information. 62 Fed. Reg. 16116. The IPAA represents over 6000 members of America's oil and gas community. On behalf of the members who drill and produce from offshore and onshore federal lands, we must object to this rulemaking. It is our view that independents will be competitively harmed by this rulemaking. Such harm will only further discourage independents from exploring federal lands.

The oil and gas industry is a very competitive business. To remain competitive, it is critical for independents to protect confidential trade secrets and proprietary commercial or financial information from being obtained by a competitor. We believe your proposed rulemaking could greatly harm an independent by allowing MMS to release proprietary information to competitors when the materials form the basis of an MMS order that is being appealed or is an alternative dispute resolution proceeding. We acknowledge that you propose to require the recipient of the information to sign a confidentiality agreement restricting the use of the information, but you do not plan to seek the consent of the owner. Once the competitor has received the confidential information, a confidentiality agreement doesn't prevent the recipient from gaining a competitive edge.

The IPAA has reviewed the comments regarding this rulemaking submitted by Scurlock Permain Corporation. The IPAA wholeheartedly supports their comments. Instead of repeating their comments, for the record, please incorporate all of Scurlock Permain's

comments as comments made on behalf of IPAA. We agree that MMS lacks the authority to promulgate this rulemaking and urge you to give serious consideration of the legal arguments raised by Scurlock Permain.

Confidential information must remain confidential and should not be released to a competitor. A competitor should not gain a competitive advantage by obtaining confidential information by choosing to appeal or sell a royalty claim. The potential benefits MMS believes it will realize under this rulemaking in no way out weighs the harm caused to providers of confidential information. We encourage MMS to withdraw this proposed rule. If you have any questions concerning this matter, please call Ben Dillon of IPAA at 202-857-4722.

Sincerely,

A handwritten signature in black ink, appearing to read "Ben Dillon", with a stylized, flowing script.

Ben Dillon
Vice President
Public Resources